



February 7, 2020

Dear Sirs:

Company Name: Mitsui Matsushima Holdings Co., Ltd.
Representative: Tsuneo Amano, Representative Director and President
(Stock Code 1518, First Section of the Tokyo Stock Exchange and Fukuoka Stock Exchange)
Contact: Taishi Yoshioka, Managing Executive Officer
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Notice of Stock Acquisition (Subsidiary Acquisition) of KMT Corporation

On February 7, 2020, the board of directors of Mitsui Matsushima Holdings Co., Ltd. (the Company) passed a resolution to acquire 93.075% of the shares of KMT Corporation (KMT) to make the company a wholly owned subsidiary. The details are as follows.

Description

1. Reason for Stock Acquisition

The Mitsui Matsushima Group has been broadly investigating investment projects for the Non-coal Production Business in line with the medium-term management plan (covering five years) formulated in November 2018, and this is the second acquisition project for the plan following the acquisition of MEIKO SHOKAI Co., Ltd., in April 2019.

KMT plans and sells high-quality premium pet foods in Japan, having strong brand power and a high market share. Its products are characterized by the blending of healthy ingredients that can boost immunity from the standpoint of preventive medicine, such as lactic acid bacteria and *Agaricus*, and have been highly evaluated by not only pet breeders and veterinary hospitals across the country but also animal guardians who put the health of their pet(s) first. Considering that it will become increasingly common for people to “treat a pet as a family member” in the future, the demand for high-quality pet foods focusing on the health of pets, equivalent to those a human being can eat, is expected to increase.

As described above, the businesses of KMT satisfy the Company’s investment criteria for M&As: niche, stable revenues, and easy to understand. The Company believes that it will make a significant contribution to the improvement of the Group’s corporate value.

2. Outline of New Subsidiary

(1) Name	KMT Corporation		
(2) Location	15-11, Higashiminato-cho, Izumiotsu-shi, Osaka, Japan		
(3) Representative name and title	Mamoru Kamada, Representative Director and President		
(4) Business Operations	Import, wholesale, planning/sales of high-quality pet foods, management of pet shops and veterinary hospitals		
(5) Capital	13 million yen		
(6) Date of establishment	April 8, 1988		
(7) Major shareholders and stock ownership ratio	This will not be described because the seller is a private person.		
(8) Relationship between listed company and new subsidiary	Capital relationships	Not applicable	
	Personal relationships	Not applicable	
	Transactional relationships	Not applicable	
(9) Operating performance and financial status of the new subsidiary for the past 3 years			
Financial accounting period	FY2016	FY2017	FY2018
Net assets	274 million yen	454 million yen	673 million yen
Total assets	516 million yen	652 million yen	876 million yen
Net assets per share	68,550.17 yen	113,733.33 yen	168,433.83 yen
Net sales	1,121 million yen	1,293 million yen	1,417 million yen
Operating profit	193 million yen	271 million yen	323 million yen
Ordinary profit	198 million yen	277 million yen	336 million yen
Net profit	125 million yen	182 million yen	223 million yen
Net profit per share	31,275.83 yen	45,683.16 yen	55,950.50 yen
Dividend per share	250 yen	500 yen	1,250 yen

3. Outline of Seller

(1) Name	This will not be described because the seller is a private person.	
(2) Address	This will not be described because the seller is a private person.	
(3) Relationship between listed company and the said individual	Capital relationships	Not applicable
	Personal relationships	Not applicable
	Transactional relationships	Not applicable

4. Number of acquired shares, acquisition price, and status of retained stock before and after acquisition

(1) Retained shares prior to acquisition	0 shares (No. of voting rights: 0) (Percentage of voting rights: 0%)
(2) Number of acquired shares	3,723 shares (No. of voting rights: 3,723)
(3) Acquisition price	It will not be disclosed due to confidentiality obligations between the parties.
(4) Retained shares after acquisition	3,723 shares (No. of voting rights: 3,723) (Percentage of voting rights: 93.075%)

5. Schedule

(1) Date of resolution of board of directors	February 7, 2020
(2) Contract date	February 7, 2020
(3) Planned stock transfer date	April 1, 2020

6. Acquisition funds

Cash in bank and on hand as well as bank borrowing will be used.

7. Future projections

The stock acquisition will not change the consolidated financial results for the fiscal year ending in March 2020. The consolidated financial forecast for the fiscal year ending in March 2021 will be released in the summary of consolidated financial results for the fiscal year ending in March 2020 (to be released on May 13, 2020).

(End)